CONCORDIA UNIVERSITY

BOARD OF GOVERNORS

CONCORDIA EMPLOYEE BENEFITS COMMITTEE

Minutes of the meeting held March 9, 1984

Present: Chairman, Mr. G. Fisher, Prof. L. Bessner, Mr. M. Bourgault, Ms. A. Kerby, Dr. H. Ladd, Prof. G. Martin, Miss S. O'Reilly, Mr. B. Smart, Mr. M. Hamilton of William M. Mercer Ltd. and Ms. E. Gardham

Regrets: Dr. J. Daniel, Mr. R. Groome and Miss D. Johnson

Minutes of the meeting of December 16, 1983

The Chairman called for the approval of the amended minutes of the meeting of December 16, 1983. A motion of approval was put forward by Ms. Kerby, seconded by Mr. Bourgault and unanimously carried.

Minutes of the meeting of February 10, 1984

A motion for approval of the minutes of the February 10th meeting was proposed by Prof. Bessner, seconded by Mr. Smart and unanimously carried.

Members' Contributions to University Pension Plan (Federal Budget Amendments)

Mr. Hamilton explained that effective January 1, 1985 there will be no limit on the deductible amount for contributions to an employer pension plan. There was no resistance to this part of the budget and we can be relatively optimistic that there will be no problem next year.

Mr. Smart indicated that the Committee should respond to Dean Chaikelson's memo in some way if only to say the problem has been taken care of under the federal budget.

Pension Supplements to Survivors

Mr. Hamilton noted that this item goes back almost 5 or 6 months. There are individuals who have elected survivor benefits but the supplements are payable for the lifetime of the pensioner only. We decided to change the policy with respect to surviving spouses and calculated the cost to be $35,000.00 to fully fund the amendment.

...../2

Prof. Martin indicated a preferance that the supplements carry over to the survivor. Prof. Bessner added that in principal he is in favour but expressed a concern over the value of the fund at December 31, 1983. Prof. Bessner indicated he was not prepared to vote on this issue until the year end results are known.

Mr. Hamilton pointed out that the ad-hoc supplements themselves can create a larger liability but this item will cost only $35,000.00 on an $80. million fund.

Prof. Martin asked if committee was prepared to approve the item in principal or will discussion have to start from scratch when the valuation results are known? This information will be presented at the March 28th meeting.

Ad-Hoc Pension Supplements 1984 - Scheduled Review

Mr. Hamilton reviewed past practice with respect to increases to pensions in payment. Every two years the committee considers granting the full amount of the supplement to those who retired prior to the last review and a pro rata amount to those who retired after the last review.

The last time supplements were granted it was agreed there would be no minimums or maximums. The base upon which the supplement is calculated is more than just the pension payable under the Concordia Plan, it includes the Y.M.C.A. Plan, Canadian Government Annuities and the former Loyola Manulife Annuities.

Past practice has been to continue the supplements for the life of the member only and not to survivors.

The decision the committee has to make is what amount should the adjustment be. The committee should look at three different things:

1) the need for the adjustment with regard to the increase in the Consumer Price Index (C.P.I.),

2) the ability of the Plan to pay for the adjustment,

and

3) the impact, if any, it would have on the University's contribution and the University's ability to finance and support the Plan.

C.P.I. Increase

The increase in C.P.I. from January 1982 to December 31, 1983 was 14.1% compared to an increase of 24.8% over the previous two year period. This tells us there is slightly less need for an adjustment this year compared to 1982.

...../3

Fund Performance

This is a slightly more complex item because it depends on which measure of fund performance you look at, there are three; Book Value, Market Value, or Adjusted Market Value.

The Adjusted Market Value is probably the best measure to use for this purpose as some smoothing is indicated. Book Value can affect your cost of living supplements adversely.

Mr. Hamilton also pointed out that only 71% of the liability for all pensions payable rests with the Concordia Plan. The other 29% of pension payments and liabilities rest with the Y.M.C.A. Retirement Fund, Canadian Government Annuities and Manulife. Only the "Y" Fund credits excess interest. Manulife annuities, Government Annuities and Ex-gratia pensions account for 7.5% of the pensioner liabilities.

Mr. Bourgault asked why the pension payments are only reviewed every second year. Mr. Hamilton replied that this was a committee decision which can be changed at any time.

Mr. Smart agreed that committee should wait for valuation results before looking at our conflicting needs, however, he noted there should be some discussion regarding this review. He noted that two years ago committee agreed that "Adjusted Market Value" was the only reliable measure of fund performance. Also, 50% of C.P.I. was the minimum we could do to help retired members and the last time we stretched and went beyond what the "Adjusted Market Value" would have justified.

This year half of the increase in C.P.I. is less than the "Adjusted Market Value" change and in assessing what we would like to do, 60% of the C.P.I. increase seems to be what the government would like to see us do.

Prof. Martin noted that it is the pensioner's own money which is earning interest and we are talking about giving it back to them; I would object to these funds going anywhere else.

Mr. Smart added that in his view the pensioners have the highest priority on any funds available.

The Chairman pointed out that this reserving judgement is alright but this review refers to a very specific segment of the pension plan population.

Prof. Bessner added that Concordia took over responsibility for the Sir George and Loyola Plans and there should be equity of pensions between Loyola and Sir. George.

Mr. Smart suggested that committee should agree on what we would like to do. He proposed that the adjustment to pensions should be 60% of the C.P.I. or 8.5%. Prof. Martin agreed.

Prof. Bessner indicated that committee should wait until we have the valuation figures.

The Chairman pointed out that Mr. Smart is only trying to advance our progress

far enough on this topic so that we don't have to go through the discussion again.

Prof. Bessner indicated he would bear the 60% C.P.I. in mind but would not vote on it until he has seen the valuation results.

Prof. Martin reminded committee that the Manulife annuitants (former Loyola retired employees) receive supplements which are substantially more than those paid to other retired participants. The people who retired in 1973 and 1974 are now receiving pensions which are very comparable.

The Chairman indicated that since there isn't unanimity we will have to defer the decision and pick up from the discussion that has already been carried on.

Other Business

Ms. Kerby asked that the topic of Benefits for permanent part-time employees be tabled for future review.

Some discussion ensued and the following items were put forward as the basis for future review and discussion.

1) What is the definition of permanent part-time?

2) There is a big difference between temporary employees and permanent part-time employees, can we clearly define this difference?

3) How may people fall into the category of permanent part-time?

4) What benefits do these employees have now?

5) What might it cost to provide benefits for employees in the defined permanent part-time category?

Transferability of Pension

Prof. Martin noted that for a subsequent meeting we have a proposal from all Quebec Universities regarding transferability of pensions. This proposal will not encompass universal portability but only between universities in the province. There is sufficiently strong support of it amongst the Quebec universities that we should give it some consideration.

Prof. Bessner noted that it sounds like a step in the right direction. Mr. Smart added that it would create a significant advantage for faculty members as compared to staff and before we approve anything we will have to look at who is going to get the benefit.

Prof. Martin noted that there is some time constraint on the proposal but we can always opt out.

Pre-Retirement Planning

Ms. O'Reilly noted that she had promised to keep committee up to date on progress with this programme. A committee representing both the academic and non-academic members of the community has been formed and they will sit down with the Training Officer to suggest what the content of the programme should be. The programme will then be developed and we should be ready to start off in the fall.

Dr. Daniel

Prof. Bessner expressed a vote of congratulations to Dr. Daniel on behalf of committee with an expression of thanks for his assistance and service to the committee.

Adjournment

The meeting adjourned at 1:15 p.m. The next meeting will be held at 5:30 p.m. on March 28, 1984.

Respectfully Submitted,

M. Dawn Johnson, Secretary

Special thanks to recording secretary E. Gardham